

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

MEECO MANUFACTURING CO., INC.,

Plaintiff,

v.

IMPERIAL MANUFACTURING GROUP,  
et al.,

Defendants.

CASE NO. C03-3061JLR

ORDER

**I. INTRODUCTION**

This matter comes before the court on seven motions from Plaintiff MEECO Manufacturing Company (“MEECO”) and Defendants Imperial Manufacturing Group, Imperial Sheet Metal, Ltd., and Normand Caissie (collectively “Imperial”). Imperial has filed two motions for summary judgment (Dkt. ## 146, 154). Imperial Sheet Metal has also filed a motion for summary judgment (Dkt. # 142). MEECO has filed two summary judgment motions (Dkt. ## 164, 167), as well as a motion to consolidate this action with an action it recently filed (Dkt. # 163), and a motion for extension of time to respond to one of Imperial’s summary judgment motions (Dkt. # 185). Having read and considered all papers filed in support of and in opposition to these motions, and having heard oral argument from the parties, the court disposes of each motion as explained below.

## II. BACKGROUND

This case comes to the court in the wake of a business courtship gone awry. MEECO manufactures products and accessories for heating stoves, fireplaces, and barbeque grills. Imperial distributes fireplace and chimney products, although it is a much larger and more diversified entity than MEECO. In 2000, Imperial president Normand Caissie met MEECO president Clark Schaeffer at a trade show. They agreed to a distribution arrangement wherein Imperial would purchase MEECO products and resell them to its larger customer base. They also began a dialogue about a possible acquisition of MEECO by Imperial. The parties later entered a Confidentiality Agreement protecting information exchanged in negotiating the acquisition.

In 2001, Lowe's Companies, Inc. ("Lowe's"), a nationwide chain of "big box" hardware stores and a MEECO and Imperial customer, informed Imperial that it wished to sell MEECO products in its stores, but that it wanted to consolidate the products under the Imperial brand. MEECO agreed to allow the relabeling of its product, and assisted Imperial in the process. It directed Alderwood Printery, which supplied MEECO with labels for its products, to provide new labels to Imperial to use in relabeling its product. The parties ultimately settled on labels that were similar to MEECO's labels, except that they replaced MEECO's name and logo with Imperial's name and logo. Later, the parties agreed to extend the relabeling program to other Imperial "big box" customers.

In early 2002, the parties reached the apex of their acquisition negotiations. The parties prepared a draft acquisition agreement. MEECO provided information to Imperial about its customers and its products. Imperial and MEECO jointly issued a notice that MEECO and its affiliated "Heatsafe"<sup>1</sup> brand would "soon officially become the newest

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<sup>1</sup>MEECO sells its products under two brands: the MEECO Red Devil brand and the "Heatsafe" brand. Most of the disputes here concern the Red Devil brand.

1 members of our [Imperial] family.” Brooks Decl. Ex. E. For reasons that are hotly  
2 disputed and largely irrelevant, the parties never consummated the acquisition. In  
3 September 2002, Imperial acquired Kel Kem, a Canadian entity that manufactured  
4 products similar to MEECO’s. Although Imperial allegedly told MEECO that it intended  
5 to continue supplying United States customers with MEECO products, the parties’  
6 relationship began to sour.  
7

8 MEECO terminated its relationship with Imperial in 2003. MEECO claims that  
9 the volume of orders from Imperial had dropped precipitously, and that it discovered that  
10 Imperial was selling relabeled MEECO products to customers other than “big box” stores.  
11 On May 1, 2003, MEECO sent a letter to Imperial demanding that it stop selling goods  
12 bearing MEECO’s trademarks.

13 When it received MEECO’s letter, Imperial had a substantial inventory of  
14 MEECO product in its warehouses. Imperial placed Imperial labels on its entire  
15 inventory of MEECO products and sold much of it to TruServ Corporation (“TruServ”),  
16 the wholesale provider for True Value hardware stores.  
17

18 The parties’ courtship and messy breakup led to this action. MEECO’s complaint  
19 alleges breach of contract, misappropriation of trade secrets, infringement of its  
20 copyrights, trademarks, and trade dress, and violations of the Washington Consumer  
21 Protection Act (“WCPA”). Imperial’s counterclaims allege that MEECO’s trade secret  
22 claims are in bad faith, and that MEECO tortiously interfered with its business relations.  
23

### 24 **III. DISCUSSION**

25 Five of the pending motions seek summary judgment. In reviewing them, the court  
26 must draw all inferences from the admissible evidence in the light most favorable to the  
27 non-moving party. Addisu v. Fred Meyer, Inc., 198 F.3d 1130, 1134 (9th Cir. 2000).  
28 Summary judgment is proper where there is no genuine issue of material fact and the

1 moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). The  
2 moving party bears the initial burden to demonstrate the absence of a genuine issue of  
3 material fact. Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). Once the moving  
4 party has met its burden, the opposing party must show that there is a genuine issue of  
5 fact for trial. Matsushita Elect. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586-87  
6 (1986). The opposing party must present significant and probative evidence to support  
7 its claim or defense. Intel Corp. v. Hartford Accident & Indem. Co., 952 F.2d 1551,  
8 1558 (9th Cir. 1991). Where a question presented is purely legal, summary judgment is  
9 appropriate without deference to the non-moving party.  
10

11 **A. MEECO's Contract and Promissory Estoppel Claims Fail as a Matter of Law.**

12 MEECO and Imperial flirted with two contractual relationships, but were unable  
13 to commit. First, they attempted to formalize a contract under which Imperial would  
14 acquire MEECO. Although the parties drafted an acquisition agreement, neither party  
15 signed it. Brooks Decl. Ex. L. In the midst of the acquisition negotiations, MEECO  
16 made at least one attempt to bind Imperial to a formal distribution agreement under which  
17 Imperial would sell only MEECO products. Brooks Decl. Ex. B. Imperial refused to  
18 enter the agreement. MEECO nonetheless alleges that Imperial was contractually bound,  
19 or that alternatively, Imperial made promises to MEECO that would allow it to recover  
20 damages under a promissory estoppel theory.  
21

22 **1. There Is No Evidence of an Acquisition or Distribution Contract**  
23 **Between the Parties.**

24 The court grants summary judgment on MEECO's breach of contract claims  
25 because MEECO has no evidence of a valid contract between the parties. Indeed, it is  
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unclear from MEECO's briefing whether it has abandoned its breach of contract action.<sup>2</sup> It expressly abandons any claim for breach of an acquisition agreement. MEECO Contract & Trade Secret Opp'n at 3. It introduces no evidence that there was any other contract between the parties. At oral argument, MEECO suggested that Imperial had bound itself to an agreement by course of conduct, but the evidence shows that the only course of conduct was Imperial's practice of buying MEECO products and selling them. Imperial has presented uncontroverted evidence that the parties never entered an acquisition contract or a distribution agreement.

**2. Imperial Made No Promise That Could Provide a Foundation for Promissory Estoppel.**

MEECO attempts to rescue its contract claims under a promissory estoppel theory. To bind Imperial under this theory, MEECO would have to establish five elements at trial: (1) that Imperial made a promise that (2) it should reasonably have expected to cause MEECO to change position, and (3) that MEECO changed position (4) in justifiable reliance on the promise, in such a manner that (5) injustice can be avoided only by enforcement of the promise. Elliot Bay Seafoods, Inc. v. Port of Seattle, 98 P.3d 491, 494-95 (Wash. Ct. App. 2004).

MEECO rests its promissory estoppel claim on two alleged Imperial promises. MEECO contends that Mr. Caissie promised Mr. Schaefer in September 2002 that Imperial's recent acquisition of Kel Kem would not affect its relationship with MEECO. According to MEECO, Mr. Caissie promised to continue to serve U.S. suppliers with MEECO products, and reiterated that promise in March 2003. MEECO alleges that Mr. Caissie promised that Imperial would either "continue to purchase products from

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<sup>2</sup>MEECO asserts that Imperial breached the Confidentiality Agreement the parties signed at the outset of the acquisition negotiations. The court will address that claim in conjunction with MEECO's closely related claim for misappropriation of trade secrets. See infra Sect. III.B.

1 MEECO under their existing long-term distribution arrangement” or would acquire  
2 MEECO outright. MEECO Contract & Trade Secret Opp’n at 7.

3         Assuming that Mr. Caissie made the alleged promises, the nature of the promises  
4 is fatal to MEECO’s promissory estoppel claim. Taking all facts as MEECO alleges  
5 them, Imperial promised to either acquire MEECO or continue under the parties’ existing  
6 “distribution arrangement.” The distribution arrangement, however, consisted of nothing  
7 more than MEECO allowing Imperial to negotiate large-volume orders with major  
8 customers with the hope that MEECO would supply products to Imperial to fill those  
9 orders. There is no evidence that the parties’ “distribution arrangement” obligated  
10 Imperial to buy any MEECO products. Imperial’s promise was an empty one: it would  
11 either buy MEECO or it would not; and if it did not, it had no obligations whatsoever.  
12 Imperial therefore made no promise that would have induced MEECO’s reasonable  
13 reliance.  
14

15         MEECO’s own evidence only bolsters the conclusion that Mr. Caissie’s alleged  
16 promises in September 2002 and thereafter were not an appropriate basis for reliance.  
17 MEECO contends that it relied on the promises by allowing Imperial to secure contracts  
18 with several customers, instead of independently competing for the business. If  
19 MEECO’s “reliance” was to stand back while Imperial captured business, the evidence  
20 shows that it began to “rely” before it had any Imperial promise to rely on. For example,  
21 MEECO was aware that Imperial sent a letter to a buyer at Lowe’s in April 2002 claiming  
22 that Imperial had purchased MEECO and was in the process of consolidating all  
23 manufacturing at an Illinois facility. Feil Contract & Trade Secret Decl. Ex. C  
24 (mistakenly dated April 2001). MEECO states that it would have pursued the Lowe’s  
25 business independently if it had not been relying on Imperial’s “promise.” The Lowe’s  
26 transaction, however, took place in April 2002, five months *before* the first of Mr.  
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1 Caissie's alleged promises to Mr. Schaeffer. At that point, MEECO had no promise to  
2 rely on, but it nonetheless stood back and allowed Imperial to capture the Lowe's  
3 business. MEECO's actions reveal that it was not acting in reliance on a promise, but  
4 rather on the hope that Imperial would capture the Lowe's business and MEECO would  
5 benefit. In other words, MEECO did not rely on a promise; MEECO gambled. The  
6 gamble paid off in the short term when MEECO was able to supply the product that  
7 Imperial sold to Lowe's. It did not pay off in the long term, as the parties were unable to  
8 agree to either an acquisition or an ongoing business relationship. Absent evidence of a  
9 promise on which MEECO could have reasonably relied, promissory estoppel cannot  
10 salvage MEECO's gamble.

12 **B. With One Narrow Exception, MEECO Has No Evidence that Imperial Used**  
13 **Its Alleged Trade Secrets.**

14 MEECO claims trade secret protection for three types of information: its customer  
15 lists and pricing information for its customers, the chemical formulations of its products,  
16 and the "composition and manufacturing method for its Creosote Destroying Firelog."  
17 MEECO Contract & Trade Secret Opp'n at 13.

18 In order to prove misappropriation of trade secrets under Washington's version of  
19 the Uniform Trade Secrets Act ("UTSA"), MEECO would have to demonstrate that its  
20 claimed trade secrets are entitled to protection and that MEECO misappropriated those  
21 secrets. Ed Nowogroski Ins., Inc. v. Rucker, 971 P.2d 936, 942 (Wash. 1999).

23 MEECO's trade secret claims fail because MEECO cannot establish that Imperial  
24 misappropriated any trade secret. "Misappropriation" under the UTSA is either  
25 "[a]cquisition of a trade secret of another by a person who knows or has reason to know  
26 that the trade secret was acquired by improper means" or "[d]isclosure or use of a trade  
27 secret of another without express or implied consent." RCW § 19.108.010(2). Assuming  
28

1 for purposes of this order that MEECO has established that it has trade secrets, there is no  
2 dispute that MEECO voluntarily disclosed the trade secrets to Imperial in the course of  
3 their business relationship. Thus, MEECO must establish that Imperial disclosed or used  
4 its trade secrets without its consent.

5 The court grants summary judgment on most of MEECO's trade secret claims  
6 because MEECO has presented insufficient evidence that Imperial ever used its alleged  
7 trade secrets. MEECO has produced no evidence that Imperial ever disclosed or used its  
8 customer lists and pricing information<sup>3</sup> or the chemical formulation of its products. When  
9 pressed to point to such evidence at oral argument, MEECO obliquely conceded it had  
10 none, stating that these claims were not the focus of this action. Imperial has produced  
11 declarations from numerous executives establishing that Imperial never used that  
12 information. No reasonable jury could find misappropriation from this evidence.

13 MEECO produces some evidence to support its claims regarding its Creosote  
14 Destroying Firelog. Beginning in June 2002, Imperial and MEECO discussed developing  
15 a firelog product to compete with a popular chimney-sweeping firelog product already on  
16 the market. MEECO already had a product in development. MEECO claims that it  
17 provided Imperial with information about the composition of the product, including the  
18 use of a copper catalyst in the formulation. Imperial ultimately declined to sell the  
19 MEECO firelog, and instead turned to Kel Kem to manufacture a competing product.  
20 Kel Kem developed the "Supersweep" firelog, which also uses a copper catalyst,  
21 although there is no evidence that the Supersweep firelog uses the same copper catalyst as  
22 MEECO's firelog. MEECO has also presented no evidence to contradict Imperial's  
23 evidence that it does not use MEECO's process to manufacture the SuperSweep.  
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28 <sup>3</sup>At oral argument, MEECO conceded that the prices its customers paid was not a secret,  
as those customers were free to disclose that information to Imperial or anyone else.



1 At best, MEECO's evidence could show that Imperial misappropriated the concept  
2 of using a copper catalyst in a firelog product. This will be quite difficult for MEECO to  
3 prove. Imperial's evidence shows that it hired Abe Kelly, the founder of Kel Kem, to  
4 assist them with developing the SuperSweep. Kel Kem already manufactured a soot  
5 destroying powder with a copper catalyst. The evidence shows that Mr. Kelly helped  
6 Imperial incorporate that technology into the SuperSweep product. All persons involved  
7 in developing the SuperSweep product deny having any information about MEECO's  
8 product. Nonetheless, on the record before the court, MEECO has provided just enough  
9 circumstantial evidence to establish an outside chance at convincing a jury that someone  
10 at Imperial improperly informed someone on its development team about MEECO's use  
11 of a copper catalyst in its firelog. MEECO's trade secret claim can thus proceed solely  
12 on that narrow basis.<sup>4</sup>

13  
14 **C. MEECO Has Not Provided Sufficient Evidence to Withstand Summary**  
15 **Judgment on Most of Its Trademark, Trade Dress, and Copyright**  
16 **Infringement Claims.**

17 MEECO's claims of trademark infringement, trade dress infringement, copyright  
18 infringement, and violations of the WCPA all focus on Imperial's relabeling of MEECO  
19 products under the Imperial trademark. There is no dispute that initially, MEECO not  
20 only permitted Imperial to relabel its goods, it actively assisted Imperial by assigning its  
21 own label provider to design the Imperial labels. Initially, Imperial's relabeling  
22 accommodated Lowe's request to sell only Imperial-branded products in its stores. The  
23 parties later agreed to expand the relabeling effort to accommodate other "big box"  
24 customers. MEECO alleges, and Imperial denies, that Imperial began selling relabeled  
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27 <sup>4</sup>MEECO's claims for breach of the confidentiality agreement with Imperial fail for the  
28 same reasons as its trade secret claims, with the exception of information regarding its Creosote  
Destroying Firelog.

1 MEECO products to TruServ before it sent its May 1, 2003 letter demanding that  
2 Imperial stop selling goods under the MEECO trademark. Imperial concedes that after  
3 receiving the May 1, 2003 letter, it relabeled its entire inventory of MEECO products,  
4 and sold much of it to TruServ.

5 In addition to relabeling MEECO products, Imperial began selling similar types of  
6 products after exhausting its MEECO inventory. It appears that Kel Kem manufactures  
7 these products. At oral argument, Imperial was unable to point to any evidence refuting  
8 MEECO's allegation that the labels Imperial uses on these products are either identical to  
9 or substantially similar to the ones it used to relabel its MEECO products. Imperial  
10 intends to use new labels on its products beginning in September 2005.

11  
12 **1. MEECO May Be Able to Prove Trade Dress Infringement.**

13 MEECO claims that the Imperial product labels infringe on its trade dress. A  
14 product's trade dress is the "total image, design, and appearance of a product." Clicks  
15 Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252, 1257 (9th Cir. 2001). Trade dress  
16 includes the "size, shape, color, color combinations, texture [and] graphics" used on a  
17 product. MEECO claims trade dress protection solely in its product labels, not in its  
18 product containers or packaging.

19 To prevail on its trade dress claim at trial, MEECO would have to prove that its  
20 trade dress is nonfunctional, that it is inherently distinctive or has acquired secondary  
21 meaning, and that Imperial's use of a similar trade dress creates a likelihood of consumer  
22 confusion. 15 U.S.C. § 1125(a); Clicks Billiards, 251 F.3d at 1258; Wal-Mart Stores,  
23 Inc. v. Samara Bros., Inc., 529 U.S. 205, 209-11 (2000). MEECO's decision to confine  
24 its trade dress claims solely to its product labels eliminates any concern that its trade  
25 dress is functional.  
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1 As to whether MEECO's trade dress is inherently distinctive or has secondary  
2 meaning, a jury must decide this issue. The court has the benefit of two prior orders  
3 addressing these issues. (Dkt. ## 22, 87). The court adopts analysis in those orders with  
4 a few additional comments. The first is that MEECO has not consistently used a single  
5 trade dress. The record before the court shows that some MEECO products use a yellow  
6 label background, whereas some use an all-white background. Other than MEECO's  
7 name and the "Red Devil" logo, the only visual element that is consistent across the  
8 MEECO product line is the use of a thin red band across the top and bottom of its labels.  
9 Because Imperial has unquestionably never used the Red Devil logo or the MEECO name  
10 on its labels, MEECO must necessarily focus on other elements of its trade dress to make  
11 a showing of distinctiveness that will impact the likelihood of consumer confusion in this  
12 case. For that reason, MEECO's hope of establishing a protectable trade dress rests  
13 almost entirely on two thin red bands. Thus, while the court agrees that MEECO faces  
14 "an uphill battle to establish that its trade dress is inherently distinctive" (Order at 6 (May  
15 13, 2004)), the court emphasizes that the slope of that hill is exceedingly steep.

16  
17  
18 If MEECO faces a steep climb in establishing secondary meaning or inherent  
19 distinctiveness, it faces a near cliff in establishing a likelihood of consumer confusion.  
20 The likelihood of confusion is the "most important element" of the trade dress inquiry.  
21 Clicks Billiards, 251 F.3d at 1264 (quoting Kendall-Jackson Winery Ltd. v. E & J Gallo  
22 Winery, 150 F.3d 1042, 1048 (9th Cir. 1998)). In evaluating the likelihood of confusion,  
23 the court considers several factors, including evidence of actual confusion, Imperial's  
24 intent in selecting its trade dress, the similarity of the trade dress, the similarity of the  
25 products, and the strength of the alleged trade dress. Clicks Billiards, 251 F.3d at 1265.

26  
27 Three of these factors require little discussion. There is insufficient evidence of  
28 Imperial's intent in selecting its trade dress to make any meaningful determination about

1 this factor. The MEECO and Imperial products at issue are unquestionably similar,  
2 which weighs in MEECO's favor. As previously noted, MEECO's trade dress is weak at  
3 best, and thus this factor weighs against MEECO.

4 MEECO's evidence of actual confusion deserves no weight. There is no evidence  
5 that end-user consumers have confused MEECO's and Imperial's products, nor is there  
6 any survey evidence to demonstrate that they might confuse them. Instead, MEECO  
7 relies on evidence that the websites of some stores, including the True Value website,  
8 have used pictures of MEECO products to illustrate written descriptions of Imperial  
9 products. This is not evidence of confusion *as a result of the parties' trade dress*; this is  
10 (at best) evidence of confusion as a result of the tempestuous relationship between  
11 MEECO and Imperial. Each of the websites at issue belongs to a supplier who formerly  
12 purchased its MEECO products directly from Imperial. Now each supplier receives  
13 MEECO products from MEECO (if at all), and Imperial products from Imperial. That the  
14 suppliers have in some cases not harmonized their websites to accurately reflect the status  
15 quo is perhaps indicative of neglect or oversight, but it is not evidence of confusion that  
16 arises from the trade dress of the products. Of course, these suppliers' websites might  
17 confuse end user customers about the origin of the products – but MEECO must take that  
18 issue up with the suppliers. It is not Imperial's fault.

19 The critical factor in this case is the lack of similarity between the two trade  
20 dresses at issue. The court focuses on two visual elements: the combination of the trade  
21 name and logo used on the product labels, and the background color of the product labels.  
22 As used in the parties' trade dresses, the MEECO name and MEECO Red Devil logo are  
23 not remotely similar to the Imperial name and Imperial logo. Compare Terwilliger Decl.  
24 Ex. O (showing MEECO name and logo on product labels) with Terwilliger Decl. Ex. P  
25  
26  
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28

1 (showing Imperial name and logo on comparable product labels). The names and logos  
2 are the most prominent feature of each parties' labels.

3 Moreover, the parties' use of different label colors only highlights the distinction  
4 between the parties' trade dress. The record shows that with the exception of a single  
5 "Creosote Eliminator Log," Imperial labels are always on a yellow background. Hayes  
6 Decl. Ex. E; Feil Decl. Ex. B; Childs Decl. Ex. A (showing "Creosote Eliminator Log").  
7 While some MEECO product labels have yellow backgrounds, some are on an all-white  
8 background. Hayes Decl. Ex. E (showing majority of MEECO products on all-white  
9 background); Feil Decl. Ex. B (showing that all relabeled MEECO products have all-  
10 white background); Terwilliger Decl. Ex. O (close-up image of one all-white MEECO  
11 label and one on a yellow background).  
12

13 The court holds there is no likelihood of confusion, as a matter of law, between  
14 Imperial's yellow-background labels and MEECO's all-white-background labels. The  
15 stark color contrast, coupled with the wholly different trade name and logo featured  
16 prominently on each label, means that the labels could not confuse any reasonable  
17 consumer about the origin of the products.  
18

19 As to the parties' products that use the same all-white or all-yellow backgrounds,  
20 although the differences in the trade names and logos make consumer confusion highly  
21 unlikely, the court cannot hold that there is no likelihood of confusion as a matter of law.  
22

23 The parties have not presented their respective product lines in a way that allows  
24 the court to determine what products its ruling will eliminate from trial. The court  
25 therefore orders that at the pretrial conference, the parties must identify the products at  
26 issue in the trade dress claims. The parties shall meet and confer beforehand. MEECO  
27 shall identify with specificity all of the products for which it claims trade dress protection  
28 in light of this order, and Imperial shall identify its product or products that are

1 comparable to the asserted products. If the parties are unable to agree on the products  
2 still at issue, they will present all such products at the hearing, after which the court will  
3 indicate which products can proceed to trial.

4 **2. MEECO's Reverse Passing Off Trademark Claim Can Proceed to a**  
5 **Jury, Subject to Imperial's Defenses.**

6 MEECO's trademark claim is not a typical infringement claim, but rather a claim  
7 of "reverse passing off." MEECO does not contend that Imperial ever used MEECO  
8 trademarks or similar trademarks; instead it contends that Imperial relabeled MEECO  
9 products without authorization. See Summit Mach. Tool Mfg. Corp. v. Victor CNC Sys.,  
10 Inc., 7 F.3d 1434, 1437 (9th Cir. 1993) ("Express reverse passing off" occurs when one  
11 party purchases or otherwise obtains a second party's goods, removes the second party's  
12 name, and then markets the product under its own name."). There is no dispute that  
13 Imperial relabeled MEECO's product – the only dispute is whether MEECO authorized  
14 the relabeling. The court addresses that issue in Section III.C.4, infra.

15  
16 Imperial has another potential defense to the reverse passing off claim – trademark  
17 misuse. In its May 1, 2003 letter, MEECO demanded that Imperial "cease and desist the  
18 sale of any merchandise that bears the MEECO'S RED DEVIL logo." Terwilliger Decl.  
19 Ex. C. The letter insisted that trademark law gave MEECO the right to stop Imperial  
20 from selling MEECO branded goods. Id.

21  
22 MEECO's cease and desist letter clearly misstated trademark law. The Lanham  
23 Act gives any purchaser of a trademarked product the right to make the "first sale" of the  
24 product to another purchaser. Sebastian Int'l Inc. v. Longs Drug Stores Corp., 53 F.3d  
25 1073, 1074 (9th Cir. 1995). There is no dispute that Imperial had purchased all of the  
26 MEECO product it had in inventory. In its letter, MEECO insisted that Imperial's sale of  
27 MEECO products "constitutes trademark infringement and unfair competition"  
28

1 (Terwilliger Decl. Ex. C), in sharp contrast to Ninth Circuit law holding that such sales  
2 are “neither trademark infringement nor unfair competition.” Sebastian Int’l, 53 F.3d at  
3 1073.

4 As meritless as MEECO’s cease and desist letter was, Imperial’s response was  
5 equally dubious. Rather than simply exercise its right to sell its MEECO inventory, it  
6 claims that MEECO’s letter forced it to place Imperial labels on all of its MEECO  
7 inventory. Defs.’ Mot. at 22. Imperial asserted for the first time at oral argument that it  
8 did not have advice of counsel when responding to the May 2003 letter.

9  
10 MEECO’s assertion of non-existent trademark rights may constitute trademark  
11 misuse. Courts invoke this defense to ensure fairness when a trademark holder attempts  
12 to use its trademark to control conduct beyond the rights the Lanham Act confers. See,  
13 e.g., Juno Online Servs., L.P. v. Juno Lighting, Inc., 979 F. Supp. 684, 687-88 (N.D. Ill.  
14 1997) (describing trademark misuse defense and its relationship to patent and copyright  
15 misuse); Tveter v. AB Turn-O-Matic, 633 F.2d 831, 839 (9th Cir. 1980) (noting the need  
16 for a nexus between the mark holder’s misuse and the trademark right he seeks to  
17 enforce). Some courts refer to the defense as “unclean hands.” E.g., Fuddruckers, Inc. v.  
18 Doc’s B.R. Others, Inc., 826 F.2d 837, 847 (9th Cir. 1987) (“To prevail, the defendant  
19 must demonstrate that the plaintiff’s conduct is inequitable and that the conduct relates to  
20 the subject matter of its claims.”); Levi Strauss & Co. v. Shilon, 121 F.3d 1309, 1313 (9th  
21 Cir. 1997).

22  
23 On the record before the court, neither the details of MEECO’s inequitable  
24 conduct nor Imperial’s dubious response are sufficiently clear to permit it to decide if  
25 trademark misuse bars MEECO’s reverse passing off claims. If this matter proceeds to  
26 trial, the court will revisit the defense on a proper motion from Imperial.





1 some courts “prefer” a new action on newly-acquired copyrights over an amendment to  
2 an existing complaint, MEECO has no response to Imperial’s assertion that its  
3 consolidation motion is a thinly veiled attempt to circumvent the requirements for  
4 amending a complaint. The court grants the consolidation motion only because it is  
5 convinced that consolidation will cause no prejudice to Imperial. Imperial does not need  
6 additional discovery to meet the new claims because they arise out of the same conduct –  
7 Imperial’s alleged copying of the text of MEECO’s product labels – as MEECO’s  
8 previously asserted copyright claims. The claims are identical in all but the wording of  
9 the copyrighted text at issue – so much so that Imperial’s current arguments for summary  
10 judgment are more than adequate to meet the newly asserted claims. Because the claims  
11 are so closely related, it would be a waste of the parties’ and the court’s resources to hear  
12 the two cases separately.<sup>6</sup>

13  
14 **b. Neither Party is Entitled to Summary Judgment on MEECO’s**  
15 **Copyright Claims.**

16 In addition to its trade dress and trademark rights, MEECO claims copyright  
17 protection for the text of the labels on its products. MEECO’s copyright registrations  
18 cover these texts. There is no dispute that some of Imperial’s labels reproduce these texts  
19 verbatim, or nearly verbatim, on labels used to relabel MEECO products. Although it is  
20 not clear from the record, Imperial apparently still uses those texts on its current product  
21 labels.

22 Imperial focuses not on its use of MEECO’s texts, but rather on its claim that  
23 those texts are not entitled to copyright protection because they are unoriginal. “The *sine*  
24 *qua non* of copyright is originality.” Feist Publ’ns, Inc. v. Rural Tel. Serv. Co., 499 U.S.

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27 <sup>6</sup>If Imperial is able to identify specific evidentiary prejudice it suffered as a result of  
28 MEECO’s untimely assertion of its new copyrights, the court will consider imposing appropriate  
evidentiary sanctions at trial.

1 340, 345 (1991). To earn copyright protection, a work must be the original composition  
 2 of its author. Id. The originality bar is not high. Id. (“[T]he requisite level of creativity  
 3 is extremely low; even a slight amount will suffice.”). Imperial nonetheless argues that  
 4 MEECO’s label texts are unoriginal.<sup>7</sup>

5 A reasonable jury could find that MEECO’s label texts display the requisite level  
 6 of creativity for copyright protection. The court focuses on a representative text from the  
 7 label of MEECO’s Powder Soot Remover:

8  
 9 Helps prevent chimney fires by minimizing the buildup of soot, a  
 10 combustible by-product of burning solid fuels, particularly green or  
 11 unseasoned wood. . . . Powder Soot Remover improves heating efficiency  
 12 by oxidizing and removing the insulation soot barrier in chimneys and  
 13 flues, where it has the potential to ignite. . . . Sprinkle one tablespoon over  
 14 brisk fire. Use with every fire. Open draft controls and allow fire to burn  
 15 briskly for five minutes after application. Keep can tightly closed and store  
 16 in a dry place. Dampness will decrease effectiveness. Noncombustible in  
 17 storage.

18 Terwilliger Decl. Ex. O. Imperial’s Powder Soot Remover bears a nearly identical label.  
 19 Id. Ex. P. MEECO’s text is not likely to win a Pulitzer Prize, but that does not make it  
 20 unoriginal. See Feist, 499 U.S. at 345 (“The vast majority of works make the [originality]  
 21 grade quite easily, as they possess some creative spark, no matter how crude, humble or  
 22 obvious it might be.”) (internal quotation omitted). MEECO’s texts display relatively  
 23 little creativity.<sup>8</sup> In a case where Imperial’s texts were merely similar, rather than copied  
 24 nearly verbatim, it might be possible to find that its texts were non-infringing as a matter

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25 <sup>7</sup>Although it is not clear from the record before the court, it appears that MEECO’s  
 26 copyrights are not subject to a statutory presumption of originality. 17 U.S.C. § 410(c) (creating  
 27 presumption for works registered within five years of first publication); Schaeffer Decl. ¶ 4  
 28 (stating that he authored the MEECO label texts in 1992 and 1993).

<sup>8</sup>The court focuses on the descriptive text and instructions in MEECO’s labels. It appears  
 that MEECO’s ingredient lists and consumer warnings are not copyrightable.  
 ORDER – 18

1 of law. Imperial's wholesale appropriation of MEECO's label texts prevents that  
2 determination here. A jury must decide the infringement and originality questions.<sup>9</sup>

3       Additionally, the court finds no merit in Imperial's claim that the *scènes à faire*  
4 doctrine negates MEECO's copyrights. That doctrine provides that where certain  
5 expressive elements are inherent in a concept, it is not copyright infringement to use  
6 those elements. See, e.g., Cavalier v. Random House, Inc., 297 F.3d 815, 823 (9th Cir.  
7 2002) (finding no copyright in "Scenes-a-faire, or situations and incidents that flow  
8 necessarily or naturally from a basic plot premise.") The doctrine is not applicable here.  
9 MEECO cannot claim copyright in the concept of instructing users of powder soot  
10 remover, but it is clear to the court that there are many ways to express the concept other  
11 than the one MEECO has chosen. There is plainly more than one way to instruct users of  
12 fireplace products. Cf. MARK TWAIN, A CONNECTICUT YANKEE IN KING ARTHUR'S  
13 COURT 321 (Allison R. Ensor ed., W.W. Norton & Co. 1982) (1889) (invoking similar  
14 adage about cats). Imperial chose to instruct its customers by copying MEECO's texts  
15 nearly word-for-word, and did so at its peril.  
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18       Neither party is entitled to summary judgment on MEECO's copyright claims.  
19 The court denies Imperial's motion as it pertains to copyright for the reasons stated  
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23       <sup>9</sup> It appears that, since Feist, no Ninth Circuit court has squarely addressed whether  
24 originality is a question for the jury or for the court. Cf. Newton v. Diamond, 204 F. Supp. 2d  
25 1244, 1253 (C.D. Cal. 2002) (stating without analysis that Feist requires a court to decide the  
26 "protectability of elements of a copyrighted work"); Los Angeles News Service v. Tullo, 973 F.2d  
27 791, 793 (holding, before Feist, that originality is a mixed question of law and fact). The court  
28 assumes that the Ninth Circuit would follow the majority of circuits that hold that originality is a  
jury question. E.g., CMM Cable Rep., Inc. v. Ocean Coast Props., Inc., 97 F.3d 1504, 1517 (1st  
Cir. 1996); Matthew Bender & Co. v. West Publ'g Co., 158 F.3d 674, 681 (2d Cir. 1998).

1 above.<sup>10</sup> As to MEECO's cross-motion, the uncertainty of the scope and duration of the  
2 license between the parties (see infra Sect. III.C.4) prevents the court from deciding  
3 whether Imperial's relabeled MEECO products infringe MEECO's copyrights. As to  
4 Imperial's new line of products (presumably manufactured at its newly acquired Kel Kem  
5 facilities), MEECO has not provided a record that permits the court to compare those  
6 products' labels to MEECO's copyrighted texts. Moreover, MEECO has not provided a  
7 record that allows the court to determine whether it is entitled to statutory damages under  
8 the Copyright Act. See 17 U.S.C. 412 (barring statutory damages for infringement before  
9 registration of a copyright). As there is no evidence that Imperial profited from its use of  
10 MEECO's label texts, MEECO will have difficulty establishing that it is entitled to actual  
11 damages. See Polar Bear Prods. v. Timex Corp., 384 F.3d 700, 708 n.5 (9th Cir. 2004)  
12 (noting that copyright holder must establish actual damages to prevail on claim for  
13 infringement of unregistered copyright).  
14

15  
16 **4. Imperial's Implied License May Provide a Defense to All of MEECO's  
Intellectual Property Infringement Claims.**

17 To conclude its discussion of MEECO's trade dress, trademark, and copyright  
18 infringement, the court notes that a jury must decide if Imperial's implied license to use  
19 MEECO's intellectual property provides a defense to all three claims. There is no  
20 question that MEECO allowed and encouraged Imperial to use Imperial labels on its  
21 products, at least initially. MEECO knew that this necessarily meant that Imperial would  
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25 <sup>10</sup>The court finds little merit in Imperial's defense that it was the joint author of the  
26 copyrighted texts or of the Imperial trade dress. The evidence shows, at most, that Imperial  
27 approved the final version of the labels after providing minimal input. There is no evidence that  
28 Imperial contributed to the authorship of the label texts, and thus Imperial cannot succeed on this  
claim as a matter of law. As to Imperial's contribution to the trade dress of the labels, a jury can  
decide if the contributions rose to the level of joint authorship.

1 use what it contends is MEECO's trade dress, would "pass off" MEECO goods as  
2 Imperial goods, and would use the copyrighted portions of MEECO's label texts. See  
3 generally Effects Assoc., Inc. v. Cohen, 908 F.2d 555, 558-59 (9th Cir. 1990) (discussing  
4 implied license defense).

5 Although it is clear that Imperial had an implied license, the scope of that license  
6 is not readily apparent. MEECO contends that the license extends no further than  
7 permitting Imperial to sell relabeled MEECO product until MEECO insisted that it cease  
8 to do so. See Irwin v. Amer. Interactive Media, Inc., No. CV 93-1403 RG, 1994 U.S.  
9 Dist. LEXIS, at \*10-11 (C.D. Cal. Apr. 18, 1994) (interpreting terms of implied license);  
10 Kolton v. Universal Studios, Inc., No. CV 03-8842 PA (JTLx), 2004 U.S. Dist. LEXIS  
11 27359, at \*9-11(same). Imperial claims that the license had broader scope.<sup>11</sup> Imperial  
12 also contends that MEECO's attempt to terminate the implied license was ineffective.  
13 See Irwin, 1994 U.S. Dist. LEXIS at \*17 (noting that implied licenses are not terminable  
14 at will); Kolton, 2004 U.S. Dist. LEXIS at \*12-13 (same).

15  
16  
17 The record before the court does not permit a legal conclusion on the scope and  
18 duration of the implied license. Both parties are free to present evidence at trial that  
19 would permit the court to decide the terms of the license, and to permit the jury to decide  
20 whether Imperial's conduct exceeded the license, or whether MEECO properly  
21 terminated the license.

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26 <sup>11</sup> The court notes that there is evidence supporting Imperial's claim of a license with  
27 broad scope and duration. For example, despite its claims that Imperial's labels infringe its  
28 intellectual property, it appears that MEECO initially hoped that Imperial would "buy back" all  
Imperial labels that MEECO had in stock. Feil Contract & Trade Secret Decl. Ex. B.

1           **5. MEECO Has No WCPA Claim Because It Suffered No Business Injury**  
2           **as a Result of Imperial's Labels.**

3           Imperial apparently continues to use product labels that adopt text from MEECO's  
4 labels, to the extent that some Imperial products boast ingredient lists from MEECO  
5 products. MEECO contends that some Imperial products do not contain the ingredients  
6 they boast.

7           To prove a claim under the WCPA, a plaintiff must offer evidence that: (1) a  
8 defendant committed an unfair or deceptive act or practice; (2) in conducting trade or  
9 business; (3) affecting the public interest; (4) injuring the plaintiff in her business or  
10 property; and (5) causation. Hangman Ridge Training Stables, Inc. v. Safeco Title Ins.  
11 Co., 719 P.2d 531, 533 (Wash. 1986). The court must decide if a given set of facts  
12 makes out an actionable WCPA claim. Svendsen v. Stock, 23 P.3d 455, 458 (Wash.  
13 2001).  
14

15           Assuming MEECO's allegations to be true, the court finds no injury cognizable  
16 under the WCPA.<sup>12</sup> To the extent that the court can decipher MEECO's claim, it appears  
17 that MEECO alleges that Imperial's product labels mislead consumers and injure  
18 MEECO. MEECO Intellectual Property Opp'n at 17 (stating that consumers are "unable  
19 to distinguish [MEECO] products from those falsely claiming similarity to MEECO's  
20 products in composition or performance"). As an example, it points to Imperial's gel  
21 alcohol firestarter product, whose label states that it contains denatured alcohol. MEECO  
22  
23  
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26           <sup>12</sup>Under some circumstances, the WCPA provides remedies for trade dress and trademark  
27 infringement. See, e.g., Nordstrom, Inc. v. Tampourlos, 733 P.2d 208, 210 (Wash. 1987)  
28 (holding that trade name infringement is actionable under the WCPA). MEECO does not claim  
WCPA remedies for those alleged violations.

1 contends that the product instead contains isopropanol, which does not burn as hot or as  
2 long as a product with denatured alcohol.

3 MEECO's alleged injury is insufficient for at least three reasons. First, there is no  
4 evidence that MEECO has ever attempted to promote its products based on the  
5 superiority of its ingredients. Second, the court finds no evidence that customers would  
6 seize upon the distinction between denatured alcohol and isopropanol on a small  
7 ingredient label when purchasing competing firestarter products. Third, there is no  
8 evidence that any discrepancy on an Imperial's ingredient label has confused or harmed  
9 any consumer. Absent such evidence, the court concludes that MEECO has suffered no  
10 injury, and thus has no WCPA claim.

12 **D. Imperial's Tortious Interference Counterclaim Fails as a Matter of Law.**

13 When MEECO sent Imperial the May 1, 2003 letter improperly demanding that  
14 Imperial cease selling MEECO's products, it sent a copy to John Clapp, a buyer for  
15 TruServ. Imperial contends that MEECO knew that Imperial had to fill a large order for  
16 MEECO products from TruServ, that it sent the letter to Mr. Clapp in an effort to  
17 sabotage that order, and that MEECO's conduct constitutes tortious interference with its  
18 contractual relationships.

20 Under Washington law, there are five elements to Imperial's claim:

21 (1) the existence of a valid contractual relationship or business expectancy;  
22 (2) that defendants had knowledge of that relationship; (3) an intentional  
23 interference inducing or causing a breach or termination of the relationship  
24 or expectancy; (4) that defendants interfered for an improper purpose or  
used improper means; and (5) resultant damage.

25 Leingang v. Pierce County Medical Bureau, 930 P.2d 288, 300 (Wash. 1997).

26 The court grants MEECO's motion for summary judgment on this counterclaim  
27 because Imperial cannot, as a matter of law, establish the third element of its claim.  
28 However improper MEECO's attempt at interference might have been, it was ineffective.

1 Imperial filled the TruServ order with relabeled goods. There was no “breach or  
2 termination” of Imperial’s relationship or expectancy, and thus there was no actionable  
3 interference.

4 Even ignoring the lack of a breached or terminated relationship, there is also no  
5 evidence that MEECO’s conduct caused Imperial damage. The only damage Imperial  
6 claims from MEECO’s alleged interference is approximately \$25,000 that it expended to  
7 relabel its inventory of MEECO products. Imperial sustained this “damage” because it  
8 chose to relabel all of its MEECO inventory in response to MEECO’s baseless assertions  
9 that Imperial could not sell its trademarked goods. See supra Sect. III.C.2. The court  
10 need not decide whether Imperial acted knowingly or in ignorance of the first sale  
11 doctrine when it chose to relabel its MEECO inventory. In either case, the court holds  
12 that the cost of the relabeling is attributable to Imperial, not MEECO.  
13

14 **E. The Court Finds Insufficient Evidence to Dismiss Imperial Sheet Metal From**  
15 **This Action.**

16 In the final motion before the court, Imperial seeks summary judgment on all  
17 claims against Imperial Sheet Metal, Ltd. (“ISM”). There is no dispute that ISM does not  
18 manufacture any of the products at issue in this case. According to MEECO, it named  
19 ISM as a defendant because ISM is the “dominant player” in the Imperial Manufacturing  
20 Group, because ISM is the only Imperial entity that paid MEECO for its products, and  
21 because many of the letters threatening litigation against MEECO came from Canadian  
22 solicitors who stated that they represented ISM.  
23

24 The court finds that MEECO has provided sufficient evidence to raise a genuine  
25 issue of material fact over whether ISM is ultimately liable for some or all of the conduct  
26 at issue in this litigation. Although ISM appears to have no reason to be involved in this  
27 dispute, it injected itself into it by acting on Imperial’s behalf in making payments to  
28 MEECO and in making legal threats against MEECO arising out of the subject matter of



1 this action. ISM's conduct indicates that it has control over the Imperial entities who are  
 2 involved in this dispute. Under these circumstances, the court cannot determine as a  
 3 matter of law that ISM is not a proper defendant.

#### 4 IV. CONCLUSION

5 For the reasons stated above, the court disposes of the parties' motions as follows:

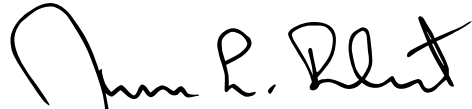
- 6 (1) The court GRANTS Imperial's motion for summary judgment on  
 7 MEECO's contract and trade secret claims in part and DENIES it in part  
 8 (Dkt. # 146). The court dismisses MEECO's claims based on contract and  
 9 promissory estoppel theories. The court also dismisses MEECO's trade  
 10 secret claims, except for the claim that Imperial misappropriated its concept  
 for the use of a copper catalyst in its SuperSweep product.
- 11 (2) The court GRANTS MEECO's motion for an extension of time to respond  
 to the above motion (Dkt. # 185).<sup>13</sup>
- 12 (3) The court GRANTS in part and DENIES in part Imperial's motion for  
 13 summary judgment on MEECO's trade dress, trademark, copyright, and  
 14 WCPA claims (Dkt. # 154). The court dismisses MEECO's WCPA claim.  
 MEECO's remaining intellectual property claims can proceed, subject to  
 15 the limitations the court set forth above.
- 16 (4) The court GRANTS MEECO's motion to consolidate this action with Case  
 No. 05-681 (Dkt. # 163).
- 17 (5) The court DENIES MEECO's motion for summary judgment on its  
 18 copyright claims (Dkt. # 164).
- 19 (6) The court GRANTS MEECO's motion for summary judgment on  
 20 Imperial's tortious interference counterclaim (Dkt. # 167).
- 21 (7) The court DENIES Imperial's motion for summary judgment on all claims  
 22 against Imperial Sheet Metal, Ltd. (Dkt. # 142).

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 25 <sup>13</sup> The conduct of both parties with respect to this motion disappoints the court. MEECO  
 26 failed to file a timely opposition despite the court's earlier denial of its motion for extension of  
 27 time for all of its summary judgment oppositions. Imperial unreasonably harped on the one-day  
 28 delay in receiving the opposition, even though it could have easily cured any prejudice by  
 obtaining an extension for its reply brief.

1 The parties are ordered to file their joint pretrial order no later than 3:00 p.m. on  
2 June 8, 2005. The parties shall appear for a pretrial conference at 10:30 a.m. on June 9,  
3 2005. If the parties file motions in limine, they shall do so no later than June 10, and  
4 they shall be noted for consideration on June 17, 2005.

5 DATED this 26th day of May, 2005.

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9 JAMES L. ROBART  
10 United States District Judge  
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